

GRANT ADEQUACY

PURPOSE OF REPORT

To present the findings made by the Macias Consulting Group (MCG) on the adequacy of the New Construction Grant.

BACKGROUND

Assembly Bill 127, Chapter 35, Statutes of 2006 (Perata/Nunez) authorizes the State Allocation Board (SAB), beginning January 1, 2008, to annually adjust the new construction per-pupil base grant based on an analysis of the current costs of new school construction. Due diligence must be exercised in making this determination since an increase or decrease in the base grant can impact the ability of school districts to build schools.

The Office of Public School Construction contracted with the MCG to develop a methodology and complete an independent grant adequacy study. The MCG developed its methodology in consultation with the Legislative Analyst's Office (LAO), the Division of the State Architect, the Office of State Audits and Evaluations, and the education section of the Department of Finance. The proposed methodology was further refined after it was publicly vetted. The MCG also met with the California Department of Education to discuss their concerns.

The MCG has completed the study on the adequacy of the New Construction Grant, and is here to present the findings. The final report is attached.

AUTHORITY

Education Code (EC) Section 17072.11(a)(3) states, "The board shall conduct an analysis of the relationship between the per-unhoused-pupil grant eligibility determined under this article and the per-pupil cost of new school construction for elementary, middle, and high school pupils."

Education Code (EC) Section 17072.11(b) states, "On or after January 1, 2008, the board shall increase or decrease the per-unhoused-pupil grant eligibility by amounts it deems necessary to cause the grants to correspond to costs of new school construction, provided that the increase in any fiscal year pursuant to this section shall not exceed six percent."

STAFF COMMENTS

The LAO, as the nonpartisan fiscal and policy advisor to the Legislature, has been provided the grant adequacy data sets. This will allow an independent party to replicate the study's analysis without violating licensing agreements.

As of the publication of this report, the LAO has not yet had the opportunity to replicate the study. Therefore, Staff is not making a recommendation pending the outcome of the LAO's analysis.

RECOMMENDATION

None at this time.

BOARD ACTION

In considering this item, there was much discussion by the State Allocation Board regarding this final report. The Board requested that a working group be started to delve into the report to try to achieve a better understanding and come back with a recommendation to the Board.